



LG&E Energy Corp.
220 West Main Street (40202)
P.O. Box 32030
Louisville, Kentucky 40232

January 22, 2004

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED

JAN 22 2004

REGULATORY COMPLIANCE

Dear Mr. Dorman:

In compliance with the Commission Order and Settlement Agreement in Case No. 2002-00429, Kentucky Utilities Company herewith files the Merger Surcredit status report for the first through the sixth (6 months) distribution years and the Balancing Adjustment with supporting calculations. See attached.

A Merger Surcredit Factor of 2.538% will be applied to bills rendered for Year 6 beginning with the February 2004 cyclical billings.

Yours very truly,

F. Howard Bush/mlg

F. Howard Bush
Manager, Regulatory Compliance

Attachment



KENTUCKY UTILITIES COMPANY

Kentucky Retail Jurisdiction

Status Report	Net Savings to be Distributed	Actual Merger Surcredit Distributed	Over/(Under) Payment of Merger Surcredit
Year 1	\$6,008,699	\$5,988,714 (1)	
Year 2	\$8,764,133	\$7,433,010 (2)	
Year 3	\$11,824,831	\$10,779,881	
Year 4	\$12,978,580	\$14,755,694	
Year 5	\$14,287,560	\$15,920,983	
Year 6 (Jul-Dec)	<u>\$8,372,268</u>	<u>\$8,239,338 (3)</u>	
	\$62,236,071	\$63,117,620	\$881,549

Year 6 (Jan-Jun)		Merger Surcredit Factor	=	MS	+	BA
Line 1	Net Savings to be Distributed	\$9,526,665		\$9,526,665		
Line 2	Less One Month's Distribution at Annual Rate	\$1,491,578		\$1,491,578		
Line 3	Less Over/(Under) Payment Through Mid-Year 6	<u>\$881,549</u>				<u>\$881,549</u>
Line 4	Net Savings to be Distributed in Months 8 through 12	\$7,153,538		\$8,035,087		<u>(\$881,549)</u>
Line 5	Estimated Year 6 Ky Jurisdictional Sales	\$676,470,719		\$676,470,719		\$676,470,719
Line 6	Less 7/12 for Seven Month's Distribution	<u>\$394,607,919</u>		<u>\$394,607,919</u>		<u>\$394,607,919</u>
Line 7	Est. Revenues for Months 8 Through 12	\$281,862,800		\$281,862,800		\$281,862,800
Line 8	Year 6, Months 8 Through 12 Factor	2.538%		2.851%		-0.313%

- Notes: (1) Previously Reported as \$6,786,330. This inadvertently included \$797,616 of merger credit paid to the FERC jurisdictional wholesale customers.
- (2) Previously Reported as \$8,352,978. This inadvertently included \$919,968 of merger credit paid to the FERC jurisdictional wholesale customers.
- (3) For the months July through December 2003, excludes merger credit paid to KIUC and LFUCG accounts that received one-time payments pursuant to the Commission Order in Case No. 2002-00429.